



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 734** HLS 09RS 1133
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 30, 2009	2:12 PM	Author: CARTER, STEVE
Dept./Agy.: Revenue		
Subject: Sales Tax Exemption For Radiation Therapy Equipment		Analyst: Deborah Vivien

TAX/SALES & USE EG -\$156,000 GF RV See Note Page 1 of 1
Authorizes a state and local sales and use tax exemption for purchases made by qualifying radiation therapy treatment centers

Current law subjects nonprofit radiation therapy centers to 4% state sales tax and the applicable local sales tax on the purchase, lease or repair of tangible personal property, including capital equipment.

Proposed law exempts purchases, rentals or repairs of capital equipment including software, for a qualifying radiation therapy center which is also a nonprofit organization that maintains a partnership with a state university accredited by the Commission on Accreditation of Medical Physics Educational Program and provides facilities to be used by graduate students for both research and technical training.

Effective July 1, 2009.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	(\$156,000)	(\$108,000)	(\$108,000)	(\$108,000)	(\$108,000)	(\$588,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	(\$185,000)	(\$128,000)	(\$128,000)	(\$128,000)	(\$128,000)	(\$697,000)
Annual Total	(\$341,000)	(\$236,000)	(\$236,000)	(\$236,000)	(\$236,000)	(\$1,285,000)

EXPENDITURE EXPLANATION

Implementation expenses are expected to be minimal, relating mainly to issuance of an exemption certificate to qualifying radiation therapy centers. These expenses will be absorbed by the Department of Revenue’s existing budget allocation.

REVENUE EXPLANATION

The bill’s language appears intended to limit this exemption to the Mary Bird Perkins Cancer Center as the one qualifying radiation therapy center (nonprofit organization which maintains a partnership with a state university to provide graduate student research and training). According to information provided by the Mary bird Perkins Cancer Center to the Department of Revenue, the center has locations in Baton Rouge, Covington and Hammond. A fourth location is being developed in Gonzales, and expansion into Terrebonne Parish is expected. As estimated in March, 2009, the center plans to purchase \$3.9 million in eligible capital equipment. In subsequent years, they expect to average \$2.7 million in purchases per year. Applying a 4% state sales tax rate and assuming a 4.75% local sales tax rate (currently 4.5% - 5% in these locales) provides the estimated results in the table above.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	Gregory V. Albrecht Chief Economist